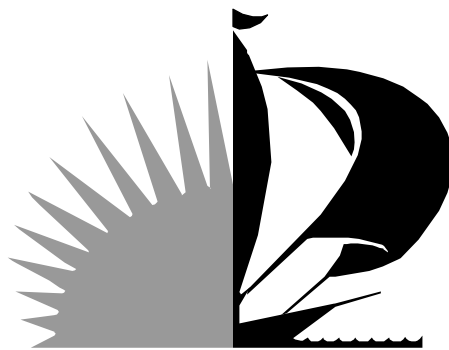


# **Comprehensive Annual Financial Report**

*of the*

**City of  
Fort Lauderdale, Florida**



**Fiscal Year Ended  
September 30, 1999**

**Prepared by  
The Finance Department**

# **CITY OF FORT LAUDERDALE, FLORIDA**

COMMISSION - MANAGER FORM OF GOVERNMENT

## **CITY COMMISSION**

**JIM NAUGLE**  
Mayor

**GLORIA F. KATZ**  
Commissioner, District I

**TIM SMITH**  
Commissioner, District II

**CARLTON B. MOORE**  
Vice-Mayor/Commissioner, District III

**JACK LATONA**  
Commissioner, District IV

**CITY MANAGER**  
Floyd T. Johnson

**CITY ATTORNEY**  
Dennis E. Lyles

**DIRECTOR OF FINANCE**  
Damon R. Adams, CPA, CGFO

**CONTROLLER**  
Joanne Rizi

**TREASURER**  
Clyde J. Cole, CGFO

**INTERNAL AUDITOR**  
Allyson Love

December 31, 1999

Mayor Jim Naugle  
Vice Mayor Carlton B. Moore  
Commissioner Gloria F. Katz  
Commissioner Tim Smith  
Commissioner Jack Latona  
City Manager, Floyd T. Johnson

**RE: CITY=S COMPREHENSIVE ANNUAL FINANCIAL REPORT -  
YEAR ENDED SEPTEMBER 30, 1999**

Dear Mayor, Commissioners and City Manager:

Presented for your consideration and review is the City=s Comprehensive Annual Financial Report for the year ended September 30, 1999. This report was prepared by the City=s Finance Department. Although the financial statements were audited by independent accountants as stated in their report on Page 1, the responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and all disclosures, necessary to enable the reader to gain general understanding of the City=s financial activity, have been included.

This Comprehensive Annual Financial Report is divided into three major sections:

1. **Introductory Section** - As the title indicates, this section introduces the reader to the report and includes the table of contents, this transmittal letter, the Certificate of Achievement awarded to the City by the Government Finance Officers Association and a City organization chart.
2. **Financial Section** - Five combined financial statements, one combining financial statement, together with the notes to the financial statements and required supplementary schedules, compose the General Purpose Financial Statements. These are the City's basic financial statements and provide an overview for users who require information about the City's finances than is contained in the balance of this report. The remainder of the financial section presents combining statements, individual fund statements and schedules focusing on individual funds rather than fund types.
3. **Statistical Section** - While this section contains substantial financial information, these tables differ from financial statements in that they present some non-accounting data, cover more than two fiscal years, and are designed to reflect social and economic data, financial trends and the fiscal capacity of the City.

Originally chartered as a municipality under the laws of the State of Florida in 1911, the City provides general municipal services, such as police and fire protection, parks, recreation, public works and others. Certain enterprise activities including public parking, a municipal airport and the utilities of water, sewer, sanitation and stormwater are also provided. The charter was replaced by a special act of the Florida legislature in 1957 and was substantially revised in 1984.

## **THE FINANCIAL REPORTING ENTITY**

This report includes all funds, account groups and component units of the City, in accordance with Statement No. 14 of the Governmental Accounting Standards Board entitled "The Financial Reporting Entity". The Financial Reporting Entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Sunrise Key Safe Neighborhood Improvement District (SK) is included as a component unit along with the Fort Lauderdale Community Redevelopment Agency (CRA). These organizations have been included as component units, since the City is financially accountable for and is able to impose its will on them. The transactions and balances of the CRA are blended with those of the City (primary government), while the SK financial information is discretely presented in the combined financial statements.

The City of Fort Lauderdale, Downtown Development Authority (DDA) and the Housing Authority of the City of Fort Lauderdale are related organizations, but separate and distinct, and are not included since they do not meet the established criteria for reporting herein. Along with the Performing Arts Center Authority and the DDA, the City is a participant in a joint venture in the Arts and Science District Parking Garage with each party maintaining an ongoing financial interest.

## **ECONOMIC CONDITION AND OUTLOOK**

The Fort Lauderdale economy continued to keep pace with and, in some cases, exceed the performance of the national and state economies in FY 1999.

The City's tax base increased an impressive 8.6 percent in the last year including \$220 million in new construction. This is the highest new construction in recent memory. However, property values increased another 8.6% for the upcoming year with new construction reported at \$265 million, reflecting a total of over \$600 million in new construction over the last three years. Based upon projects announced and underway, the trend for new construction should continue. Highlights of these projects include:

### **! STILES CORPORATION HEADQUARTERS BUILDING**

The Fort Lauderdale-based developer plans to consolidate a bulk of its eight divisions into a new 100,000 square foot building at the corner of Southeast Third Avenue and Second Street in downtown Fort Lauderdale. The construction could be completed by late next year. The building will be a 10-story, Mediterranean-style structure with covered parking and about 1,700 square feet of retail.

## ! FAU RESEARCH AND DEVELOPMENT TOWER

Florida Atlantic University is eyeing property in downtown Fort Lauderdale for a 10-story research park to work with companies that specialize in information technology, biomedical research and life sciences. FAU officials plan to support the emerging high-tech corridor along I-95 by positioning its project as an incubator for technology companies. Some 500 students attend classes at the current University Tower in downtown Fort Lauderdale. A second \$18 million tower is slated to break ground downtown early in the coming fiscal year. The third project could help spur additional development within a designated community redevelopment area.

## ! MARRIOTT RENAISSANCE HOTEL

Interlink Hospitality Corporation has announced plans for a 233-room full-service hotel with construction completed by November 2000 across from the Broward County Convention Center on 17th Street. The hotel would be the first large-scale, full-service hotel opened in east Fort Lauderdale since 1984. Plans include a conference center, a 100-seat bistro, a swimming pool and retail space, as well as a parking garage. The hotel would sit across the street from the 500-room convention center hotel proposed by Peebles Atlantic Development Corporation. The project is slated to open in the Fall of 2001.

## ! TRAMMELL CROW OFFICE TOWER

Trammell Crow has announced plans for a 19-story office tower directly across from the Federal Courthouse. The proposed Tower 101 will be one of the tallest buildings in the central business district, when it is completed in the first quarter of 2001. The tower will feature 172,000 square feet of Class A office space above a nine-level, 450-space parking garage. Amenities will include state-of-the-art telecommunications with fiber optic capabilities, a building conference center and 24-hour, on-site security.

Vacancy rates in downtown Fort Lauderdale are among the lowest in Broward County at 10.3 percent, according to Cushman & Wakefield of Florida's mid-year report. Real estate experts attribute downtown's healthy rates to its merging status as a 24-hour city, complete with residential and entertainment developments, as reported in the South Florida Business Journal of October 18, 1999. American Realty Consultants reported a drop from 25 percent vacancy in 1991 to 5 percent in May 1999.

The consumer price index for Florida mirrored the low inflation rate nationally as 1.6 percent was the announced rate for the ASave Our Homes cap on homesteaded property appreciation for 1999. The unemployment rate for Fort Lauderdale in September 1999 was 3.9%. According to First Union's data banks for September 1999, the national unemployment rate for the same period was 4.2%. The Fort Lauderdale Metropolitan Statistical Area also compared favorably in population and employment growth. Population growth was 2.1% compared with the national average of 1.0%. Likewise, employment growth was 2.4% for the year while the national average was 2.0%.

## MAJOR INITIATIVES

### **Community Area Planning**

An ambitious five-year community area planning (CAP) initiative was undertaken during the year. The goals of the CAP are:

- To understand what the Community wants to be – its vision;
- To develop a consensus on how to achieve and implement the vision;
- To express that vision in a policy document; and,
- To implement that vision by allocating funds for capital and other improvements.

The main benefits of the CAP are categorized and listed below:

#### Tangible Products

- Community area plans that take into consideration the diversity of areas of the City, but which are also linked to the bigger picture - the Comprehensive Citywide Plan (Comprehensive Plan)
- Identification of community needs, based NOT on what we think those needs are, but rather on what each community area realizes their needs are (Capital Improvement Plan)
- Implementation strategies (Unified Land Development Regulations, Capital Improvement Program, etc.)
- Identification of funding sources (Capital Improvement Budget, Bond Referendum, Grants, etc.)

#### Non-tangible Products

- Creating a Sense of Interconnection or Community
- Outreach
- Better Communication
- Sense of Social Responsibility

#### Ancillary Products

- Updated citywide database
- Improved efficiency in providing services and facilities to address community area needs
- Improved interdepartmental coordination of actions to meet community area needs
- Equitable disbursement of resources to all community areas
- More effective use of taxpayer dollars
- Proactive not reactive

Staff has divided the City into five manageable areas that will be analyzed sequentially over the five-year period, one plan per year. This was done so that staff could more effectively address the growing diversity and unique issues facing different areas of the City, as well as more efficiently allocate resources including capital, labor and time.

## **Palm-Aire Village Annexation**

During the year the City competed with the cities of North Lauderdale and Pompano Beach to annex the unincorporated area of Palm-Aire Village. The area covers .23 square miles with a population of approximately 1,550 and consists primarily of single family homes. A financial analysis shows a positive gain for the residents of the City of Fort Lauderdale after the initial year of annexation. The analysis consisted of projected revenues generated by the area from an all funds perspective in comparison with the cost of providing City services.

On September 7, 1999 the voters in the proposed area to be annexed overwhelmingly chose Fort Lauderdale as their “new home” city. This section of Palm-Aire Village will become part of the City of Fort Lauderdale on September 15, 2000. Other annexation initiatives are in various stages of pursuit.

## **Emergency Medical Services**

To improve the fire and emergency medical services provided to Fort Lauderdale residential and business communities on a daily basis, a more efficient and effective model for service delivery was put in place to take effect at the beginning of the 2000 fiscal year. While it was a laudable effort to combine forces with Broward County to provide these services on a regional basis, the partnership was unable to meet the targeted response times in the City. Accordingly, the City began providing the service in October 1999. This new and enhanced activity involved a 30% increase in services with two new rescue trucks and three upgrades of paramedic-staffed fire engines. Fifty-four additional firefighter/paramedic and communications personnel were incorporated into the plan to handle the enhanced service.

In order to fund these additional human and equipment resources, special assessment financing was chosen from among the options considered. The reason for this approach was mainly to create a funding mechanism, which would be based upon estimated benefit to each property rather than upon the value of the property, as is the case with ad-valorem property taxes. The assessment is a one-time charge each year included with the property tax bill. The County tax collector will remit these assessments to the City along with the regular property tax collections. This provides an efficient billing and collection operation for funding the service. The special assessment is not intended to pay for emergency services alone but for a portion of all fire rescue services including fire suppression, technical rescue, hazardous materials response, aircraft fire-rescue, fire prevention and inspection services, and marine and water related responses.

## **DEPARTMENTAL FOCUS - FIRE-RESCUE AND BUILDING**

### **1999 - Fire-Rescue Department Accomplishments**

Mission: To reduce the community’s level of risk from fire, disasters and medical emergencies by safely providing the most expedient and professional emergency response and mitigation possible. To support prevention and preparedness efforts through public education, youth programs and inspection programs

This department began the year as the Fire-Rescue and Building Department. The City Manager recognized the need for more effective service delivery and the building protective services were moved to other departments during the year. As one department, Fire-Rescue could facilitate the transition to

City administered emergency medical services.

While the accomplishments of the building services function were many, the following are highlights of only the Fire-Rescue operations:

- ! Directed the installation and implementation of the Fire-Rescue portion of the Public Safety Network.
- ! Established an EMS/Safety Battalion Chief's position for improved supervision, safety and quality assurance activities.
- ! Twelve new dispatchers were trained to utilize the Computer Aided Dispatch System to send units to calls, track unit status and provide incident information.
- ! Expanded EMS Medical Direction Services to include in-service recertification and continuing education training of all uniformed Fire-Rescue personnel.
- ! In partnership with the Fort Lauderdale Police Department, established a SWAT Medical Officer Program and Infectious Disease Control Program.
- ! Provided Fire and Emergency Medical Service to over 200 citywide special events, including the Air and Sea Show, Fusion Soccer, Presidential/Vice Presidential visits, Broward County Schools Athletics, Baltimore Orioles, Fort Lauderdale International Boat Show, Winterfest Boat Parade and the Breeders Cup.
- ! Installed a computer-training lab at the Fire-Rescue Training Bureau.
- ! Purchased land for a new fire station in the northwest section of the City.
- ! Investigated 312 fires.
- ! Promoted fire safety through a free smoke detector battery giveaway and over 700 presentations to local schools and community groups.

## **FUND STRUCTURE**

The various fund types of the City have been classified into fund categories. These fund categories, along with their measurement focus, are explained as follows:

### **Governmental Funds (General, Special Revenue, Debt Service, Capital Projects)**

These funds are used to account for the City's expendable financial resources and related current liabilities, except those accounted for in proprietary funds. Governmental funds are essentially accounting segregations for financial resources, and measurement focus is upon determination of financial position (sources, uses, and balances of resources) rather than upon net income determination. Basic financial statements necessary to fairly present financial position and operating results for these funds are the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance.



### **Proprietary Funds (Enterprise, Internal Service)**

These funds are used to account for the City's ongoing activities, which are similar to those found in the private sector. Financial activity is reported in essentially the same manner as in commercial accounting where net income and capital maintenance are measured. Measurement focus is upon determination of net income, financial position and changes in financial position. The basic financial statements required for these funds are the Balance Sheet, the Statement of Revenues, Expenses and Changes in Retained Earnings, and the Statement of Cash Flows.

### **Fiduciary Funds (Trust and Agency)**

These funds are used to account for assets held by the City in a trustee capacity. Nonexpendable and pension trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature.

### **Account Groups**

In addition to the various fund types, a fourth category of accounting entities, account groups, is used to establish accounting control and accountability for the City's general fixed assets and general long-term debt. The City's general fixed assets (all fixed assets except those accounted for in proprietary or trust funds) are financial resources not available for expenditure. The unmatured principal of the City's general long-term debt (and other long-term liabilities not accounted for in proprietary funds) does not require use of financial resources during the current accounting period. Accordingly, these are not accounted for in the governmental funds, but in self-balancing account groups.

## **FINANCIAL INFORMATION**

### **Internal Control Structure and Budgetary Control**

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City proprietary funds are maintained on the accrual basis. Although the legal level of control (the point at which expenditures and encumbrances cannot legally exceed appropriations) is by department, budgetary control is maintained at the division level through the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders, which result in an overrun of balances, are not released until additional appropriations are made available. Open encumbrances are reported as reservations of fund balances on September 30, 1999.

In developing and modifying the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

- ! The safeguarding of assets against loss for unauthorized use or disposition; and
- ! The reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that:

- ! The cost of a control should not exceed the benefits likely to be derived; and
- ! The evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City's Internal Audit Division reviews and appraises the soundness, adequacy and application of accounting, financial and administrative controls in the City's accounting system. Financial transactions and related data are examined for accuracy, completeness and authorization. Data processing applications and systems are addressed by the internal auditors at appropriate times to assess the adequacy and accuracy of controls. Also, computerized applications are reviewed to determine that they have been developed according to the policies, procedures, standards and guidelines of the City.

### **General Government Operations**

The following discussion of general governmental functions includes information from the General Fund.

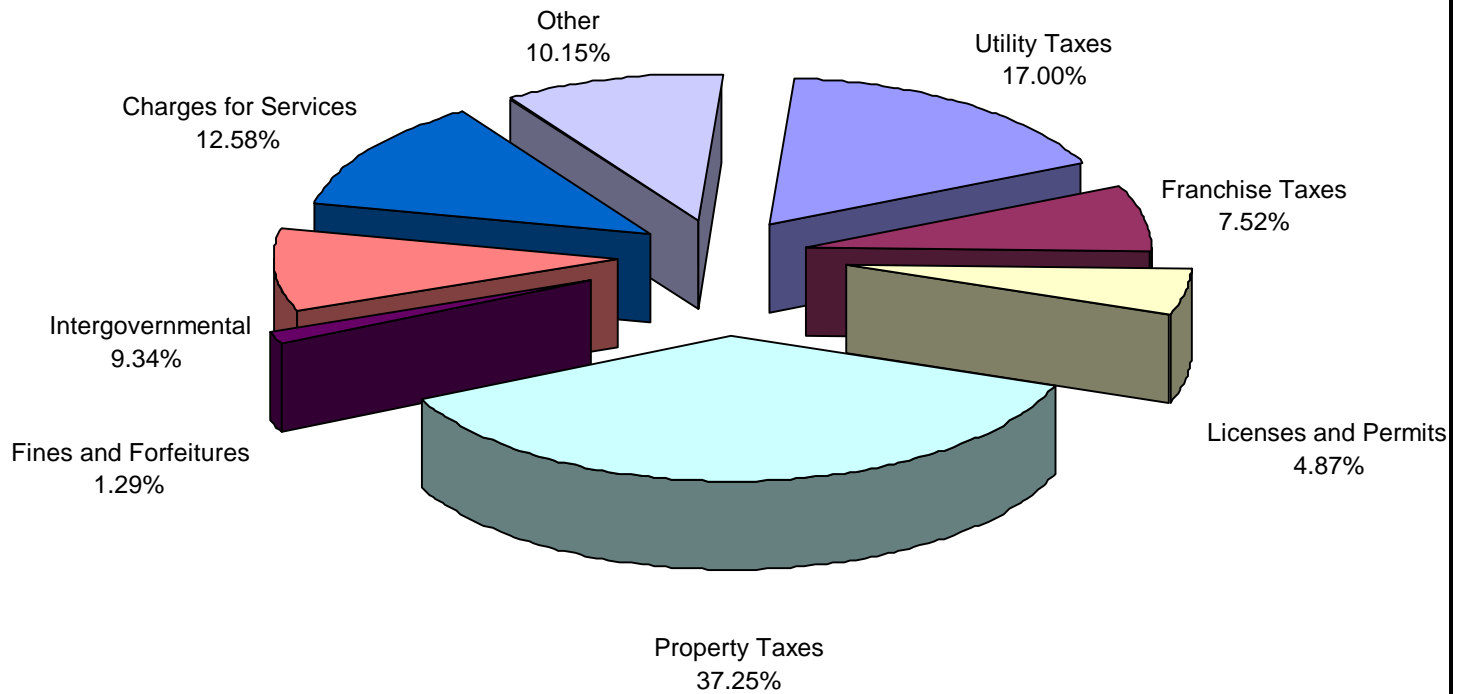
**Revenues** totaled \$161,429,913 in 1998/99, an increase of 6% over the previous fiscal year. General property taxes remain the City's largest single source of revenue for the General Fund, representing 37.3% of revenue compared to 37.1% for the previous year.

The amount of revenue from various sources and the variance from last year are shown in the following table:

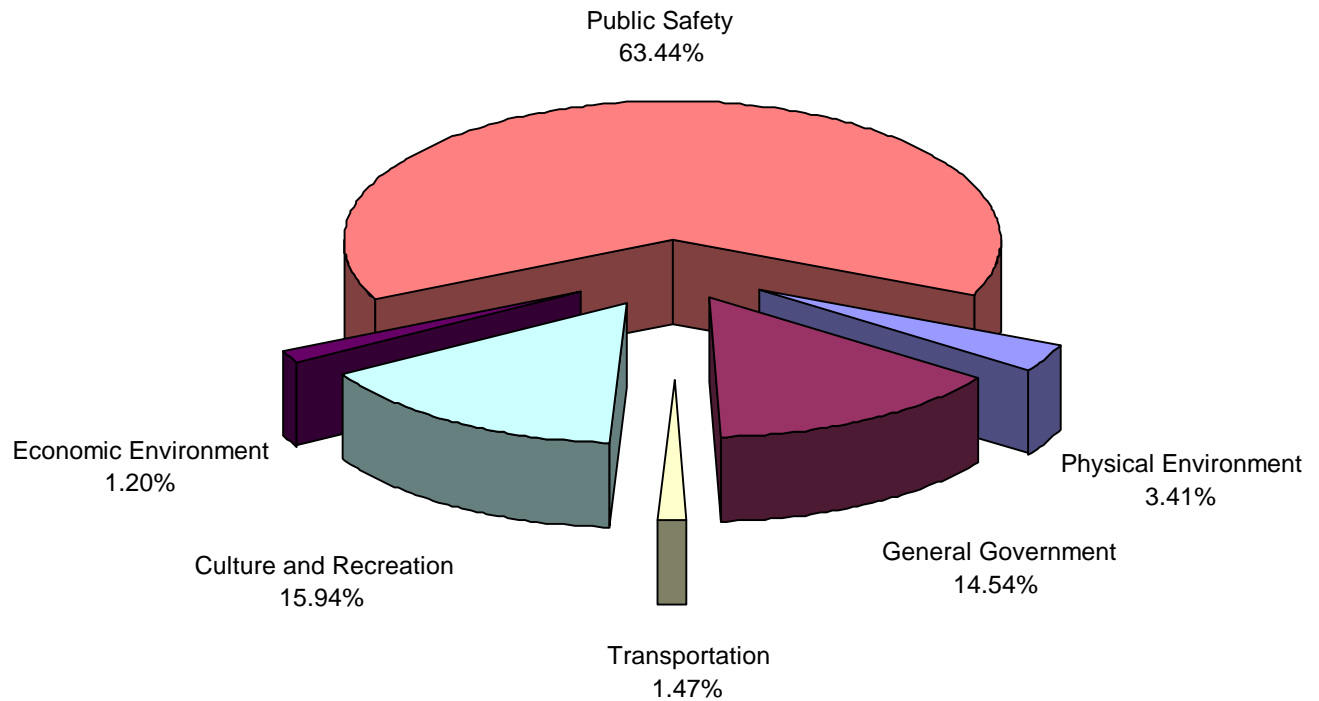
<u>Revenue Source</u>	<u>Amount (Thousands)</u>	<u>Percent of Total</u>	<u>Increase (Decrease) Over 1997-98</u>	
Property taxes 3,590	\$ 60,130		37.25%	\$
Utility taxes	27,449	17.00	1,575	
Franchise taxes	12,146	7.52	( 40)	
Licenses and permits	7,862	4.87	1,267	
Fines and forfeitures	2,084	1.29	159	
Intergovernmental	15,077	9.34	452	
Charges for Services	20,304	12.58	2,141	
Other	<u>16,378</u>	<u>10.15</u>	<u>7</u>	
	\$ <u>161,430</u>	<u>100.00%</u>	\$ <u>9,151</u>	

Relationships among revenue sources can best be grasped by reviewing the graphic illustration on page ix.

## GENERAL FUND REVENUES



## GENERAL FUND EXPENDITURES



The City's \$11.1 billion assessed value after exemptions represented an increase of 8.6% from the previous year. Although there is heavy reliance on property taxes to fund General Fund operations, the City's conservative policy regarding the property tax is to keep increases to a minimum. In fact, the operating millage rate dropped from 5.0633 mills the previous year to 5.0062 mills for 1998/99.

On a percentage basis the revenue source which changed the most (19%) is licenses and permits. This further reflects the increased building activity in the community as new businesses are licensed and additional developments are permitted. Over one-half of the upswing in the charges for services category is due to emergency medical revenues received from Broward County as our share of the fees collected from households and business.

**General Fund Expenditures** totaled \$147,818,992, an increase of 7.8% from fiscal year 1997/98. Changes in levels of expenditure for major functions of the City are presented in the following tabulation:

<u>Functions</u>	<u>Amount</u> <u>(Thousands)</u>	<u>Percent</u> <u>of Total</u>	<u>Increase</u> <u>(Decrease)</u> <u>Over 1997-98</u>
General government	\$ 21,494	14.54%	\$ 1,903
Public safety	93,783	63.44	5,966
Physical environment	5,041	3.41	150
Transportation	2,180	1.47	( 3)
Economic environment	1,771	1.20	329
Culture and recreation	<u>23,550</u>	<u>15.94</u>	<u>2,345</u>
	<u>\$147,819</u>	<u>100.00%</u>	<u>\$ 10,690</u>

The function classification indicates the major purpose for which resources have been expended. Brief definitions of the functions are provided as follows:

**General Government** - Legislative, executive and staff support. Activities include City Commission, City Manager, City Attorney, City Clerk, Administrative Services, Finance, Planning and General Maintenance.

**Public Safety** - Protection of people and property. Police, Fire, and Protective Inspection services compose this function.

**Physical Environment** - Primarily engineering services for the creation and recapitalization of public infrastructure.

**Transportation** - Major maintenance costs for roadways, walkways, runways and waterways.

**Economic Environment** - The cost of providing services which develop and improve the economic condition of the community and its citizens.

**Culture and Recreation** - Recreation and cultural activities including parks, auditoriums, museums, theaters, stadiums and events relating thereto.

Distribution of expenditures to the various functions of government remained nearly identical as the previous year with the emphasis on public safety. Outlays for maintenance of streets has remained

approximately the same for the past two years. Culture and Recreation increased slightly as a percentage of the total since operational expenditures related to the parks bond program began to occur. As with the previous year, pay adjustments averaging 3% to 4% for the majority of City employees accounts for a significant portion of the overall increase in expenditures.

The graph on page ix shows the percentage share of General Fund expenditures by function, further illustrating resource allocation.

The total Unreserved General Fund balance at the end of the year was \$7,328,990, of which \$6,450,383 was designated for subsequent years' expenditures.

### **Enterprise Operations**

Enterprise funds are used:

- (a) to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily by user charges; or
- (b) where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The following five activities have been determined by the City as meeting the previous criteria and are included in this report as enterprise funds. Comparative data are as follows:

	Operating Revenues (Thousands)		Net Income (Thousands)	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
Water and Sewer	\$ 59,351	58,057	13,181	11,914
Sanitation	17,160	17,403	1,404	11,778
Parking System	7,448	7,102	1,653	902
Airport	3,663	3,565	766	785
Stormwater	2,470	3,044	549	1,503

Financial highlights of these funds appear below:

### **Water and Sewer Fund**

Once again the operations of this fund reflect solid financial performance. For the past several years, rate increases of 4% were adopted to provide for capital additions to water and sewer lines. Prior years have witnessed a steady increase in both gross and net income. Net income for FY 1998-99 grew by nearly 11% over the previous year. This has resulted in a very stable financial position. Working capital at the end of the year stood at a record \$50 million, which is necessary for an ambitious pay-as-you-go capital program. To supplement the program, bond financing is anticipated in the not too distant future for recapitalization of the system's infrastructure. The City is embarking on initiatives to provide sewers in areas of the City not currently served by the system. Special assessments will be used to help fund these areas.

### Sanitation Fund

The rather dramatic decrease in net income is attributable entirely to an unusual transaction in the prior fiscal year. The City's liability for the remediation of the Wingate landfill site was reduced last year by \$10.5 million resulting in a nonrecurring increase in net income. Without this unusual transaction, the net income of the prior year would have been \$1.278 million. Accordingly, not considering the reduction in remediation liability, the net income for FY 1998-99 would have increased by 9.9% over the previous year. An \$8 million sanitation revenue bond issue is planned for the coming year to provide funding for the City's remaining share of the remediation of the Wingate landfill site.

### Parking System Fund

Financially, the parking system performed up to standard for the fiscal year. Gross revenues and net income increased from the prior year with net income increasing by 83%. The system continues to be a stimulus for economic development. Paid parking on the trendy Las Olas Boulevard has proved to be a boon to the area and the expansion of 24 hour enforcement in the downtown section of the City reflects the extended nighttime activity. A major parking structure is nearing completion at BridgeSide Square on the Intracoastal Waterway. Other expansion of the parking system is being seriously considered.

### Airport Fund

Fort Lauderdale Executive Airport is a major catalyst for commercial development in the uptown sector of the City. For years the Airport has produced exceptional operating results and this year is no exception with net income about the same as last year. Working capital of the enterprise continues to grow currently exceeding \$10 million, well positioning itself for capital improvements. During FY 2000, the helistop atop the City Park Garage will open to the public, providing quick and easy access to the central business district.

### Stormwater Fund

Having completed seven years of operation, the Stormwater fund remains fiscally sound. However, revenue from charges for services dropped from the prior fiscal year and expenses increased resulting in the decrease of net income. Working capital is still above \$7 million. Revenues are expected to increase in the coming year with no adjustments to rates. Capital projects are planned in the next few years at a level of \$1.35 million per year for recapitalization, as well as new stormwater management facilities.

### **Pension Operations**

Two defined benefit plans are maintained for employee retirement, namely the General Employees Retirement System and the Police and Firefighters Retirement System.

City contributions to the plans for fiscal year 1998/99 were as follows:

	<u>Amount</u>	<u>Percent of Additions to Plan Net Assets</u>
General Employees Retirement System	\$ 5,693,583	11.5%
Police and Firefighters Retirement System	\$ 6,054,880	11.0%

In total, these contributions are approximately \$400,000 less than in 1997/98.

### **Debt Administration**

As the final installment of our original five-year capital improvement program, \$12 million in excise tax bonds were issued early in the fiscal year. Continuing our commitment to efficient use of the latest technology, the bonds were sold at competitive sale via the Internet. The sale attracted six bids and resulted in a true interest cost rate of 4.0342%. In addition, \$2,605,000 variable rate bonds were issued by private placement on behalf of the Ann Storck Health Facility, primarily to refund outstanding debt. Security for the bonds is solely from income of the facility.

Useful indicators of the City's debt position are the ratio of net bonded debt to assessed valuation and amount of bonded debt per capita. This information for the City of Fort Lauderdale at the end of the 1999 fiscal year appears as follows:

	<u>Amount</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
Net direct ad valorem tax supported debt	\$ 58,228,331	.42%	\$ 388.19
Net direct excise tax supported debt	\$ <u>26,295,000</u>	.19%	\$ <u>175.30</u>
Total net direct bonded debt	\$ <u>84,523,331</u>	.61%	\$ <u>563.49</u>

The preceding summary includes only non-self-supporting debt. The history of the debt service coverage of the self-supporting debt (enterprise fund debt) is excellent and is presented in the statistical section of this report. Required principal, interest and reserves on outstanding debt were provided for during the year. Bond ratings continued to reflect that the City's uninsured bonds have the characteristics of strong investment quality as follows:

	<u>Standard &amp; Poor's</u>	<u>Moody's Investor's Service</u>
General Obligation Bonds	AA	Aa3
Excise Tax Improvement Bonds	A+	A1
Water and Sewer Revenue Bonds	AA-	Aa

### **Cash Management**

Diverse operations of the various funds of the City dictate the necessity for a sophisticated cash management system to control and actively utilize cash as a financial resource.

Our central cash management system provides that all cash be deposited into a central account for investment in approved securities. The objectives of our investment program are, in order of importance, to assure adequate liquidity, minimize risk and maximize yield. State law permits the City to adopt its own set of allowable securities. The City's list of approved securities provided by ordinance of the City Commission consists of U.S. Government securities, U.S. agency securities, commercial paper rated A-1 or P-1, certificates of deposit, bankers' acceptances, repurchase agreements (REPO'S), reverse REPO'S and the State's local government investment pool. During 1995/96 the City became an initial investor in the short term portfolio of the Florida Municipal Investment Trust administered by the Florida League of Cities. Last year, we obtained the services of an independent money manager for a portion of our general investment portfolio. Actual management of the funds assigned to the manager began during the fiscal year. The financial markets have not favored fixed income investments over the past year. Annualized return for this managed portfolio was only 3.51%, but still exceeded the benchmark return of the Merrill Lynch 1-3 year U.S. Treasury Note Index Return of 3.29%.

Proceeds of the various bond issues are maintained separately from the City's other pooled cash. The reason for this segregation is due primarily to the federal arbitrage regulations and interest rebate requirements. Earnings, which exceed the rate of interest on the borrowed funds, must be returned to the federal government. The segregation of these investments provides for ease of rebate calculations.

The investments of the pension plans are controlled by the pension boards who have hired professional money managers responsible for managing the assets of those funds.

### **Risk Management**

Nearly all insurance is administered through the City Insurance fund. A major portion of the insurance program involves self-insurance. The City is currently self-insured in the areas of workers' compensation, employee relations, general liability, automobile liability, and police professional liability. Premiums in excess of claims charged to the various operating funds over the years have been retained in the fund to provide for stability and protection against catastrophic losses as recommended by the City's Insurance Advisory Board.



Claims experience, combined with additional appropriations to amortize the fund deficit, resulted in the elimination of the fund deficit from September 30, 1998 of \$93,836. As of the end of the current fiscal year, fund equity is \$1,725,324.

### **Intergovernmental Revenue**

A considerable source of funds is provided to the City from various federal, state and county agencies.

The sources of intergovernmental revenue received by the City during the year are summarized by fund type as follows:

	FUND TYPE				
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>ENTERPRISE</u>	<u>TOTAL</u>
Federal Government \$	0	9,400,365	0	1,421,483	10,821,848
State of Florida	12,797,168	1,288,150	385,155	439,753	14,910,226
Broward County	2,181,488	939,142	970,325	42,545	4,133,500
Other Local Units	<u>98,322</u>	<u>640,947</u>	<u>5,943</u>	<u>72,000</u>	<u>817,212</u>
	<u>\$15,076,978</u>	<u>12,268,604</u>	<u>1,361,423</u>	<u>1,975,781</u>	<u>30,682,786</u>

## **OTHER INFORMATION**

### **Independent Audit**

As required by Section 10.02 of the City Charter, an examination of the books of account, financial records and transactions of all administrative departments of the City has been conducted by a firm of Certified Public Accountants. The report of Arthur Andersen, LLP Certified Public Accountants (Page 1 of this report) contains their opinion as to the fair presentation of the City's financial statements. Sharpton Brunson & Company, P.A. participated with Arthur Andersen in the independent audit.

### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fort Lauderdale, Florida for its comprehensive annual financial report for the fiscal year ended September 30, 1998. This was the twenty-first consecutive year that the City received this prestigious award.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal

requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another Certificate.

In addition, the City also received the GFOA's Award for Distinguished Budget Presentation for its annual budget prepared for the fiscal year covered by this Comprehensive Annual Financial Report. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization. We are pleased that this is the twelfth consecutive year that we have received this distinction.

### **Acknowledgments**

A quality comprehensive financial report such as the one being transmitted with this letter requires a committed and dedicated staff. The preparation of the report directed by Controller, Joanne Rizi, represents many hours of extraordinary effort on the part of many. The accountants of the Central Accounting and Treasury divisions, together with other staff support, produced an excellent document telling the financial story of the City as of and for the year ended September 30, 1999. Sincere appreciation is expressed to all of them for their tireless efforts.

Respectfully submitted,

Damon R. Adams, C.P.A.  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fort Lauderdale,  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 1998

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Greg Brubaker*  
President  
*Jeffrey L. Esler*  
Executive Director

# THE PEOPLE OF FORT LAUDERDALE

